ACQUISITIONS (TELECOMMUNICATIONS): THE BELLSOUTH CASES

Subject: Acquisitions
Community dimension

Industry: Telecommunications

Parties: BellSouth
Vodaphone Airtouch
VR Communications
E-Plus

Source: Commission Statements IP/00/81, dated 27 January 2000, and IP/00/92, dated 1 February 2000

(Note. These two cases illustrate the difference between those which are covered by the Mergers Regulation and those which are not.)

The Commission has authorised the acquisition by the US telecommunications operator BellSouth of Vodafone Airtouch's stake in the German mobile operator, E-Plus. When the Commission approved the merger of Vodafone with Airtouch last year, Vodafone gave an undertaking to the Commission to dispose of its stake in E-Plus. BellSouth, one of the shareholders in E-Plus, decided to use its pre-emption rights under the shareholders' agreement and purchase this stake from Vodafone. The acquisition by BellSouth does not give rise to any addition of market shares and the acquisition will not lead to any overlaps on the market for mobile telephony in Germany since BellSouth is not active on this market except for its participation in E-Plus. BellSouth is a USA-based international communications services company providing fixed and wireless telecommunications, cable TV, directory advertising and publishing, and Internet and data services. Vodafone is an international communication company involved in the operation of mobile telecommunications network operations, selling/renting of cellular telephone equipment, radio paging and satellite communications. E-Plus is one of the four mobile telephony operators in Germany and is at present jointly controlled by BellSouth, Vodafone and VR Telecommunications (a joint venture entity between VEBA AG and RWE AG).

The Commission has also concluded that the acquisition by the US telecommunications operator BellSouth of VR Telecommunication's stake in the German mobile operator E-Plus does not fall under the Merger Regulation. Of the two undertakings concerned in the present transaction only E-Plus's Community-wide turnover reaches the relevant turnover thresholds as set out in Article 1 of the Merger Regulation. Therefore, the notified operation does not have a community dimension within the meaning of Article 1 of the Merger Regulation. Through the notified transaction BellSouth is to acquire VR Telecommunication's stake in the Germany mobile telephony operator E-Plus. This acquisition will lead to sole control for BellSouth, following BellSouth's acquisition of Vodafone Airtouch's stake in the German mobile operator. ■